



U.S. Department
of Transportation

**Research and
Special Programs
Administration**

400 Seventh St. S.W.
Washington, D.C. 20590

JUN 17 2003

Mr. Rodney L. Reese
Vice President, Operations
Valero Logistics Operations, L.P.
6000 North Loop, 1604 West
San Antonio, TX 78249-1112

Re: CPF No. 1-2002-5006

Dear Mr. Reese:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes a finding of violation and requires the amendment of certain of your integrity management program procedures. The Final Order also finds that you have completed the Proposed Compliance Order item set forth in the Notice. When the amendment of procedures is completed, as determined by the Director, Eastern Region, OPS, this enforcement action will be closed. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

Gwendolyn M. Hill
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

In the Matter of)	
)	
Valero Logistics Operations, L.P.,)	CPF No. 1-2002-5006
)	
Respondent.)	
)	

FINAL ORDER

On March 26-27, 2002, pursuant to 49 U.S.C. § 60117, representatives of the Eastern and Southwest Regions, Office of Pipeline Safety (OPS) inspected Valero Logistics Operations, L.P.'s (Respondent's) integrity management program at Respondent's facility in San Antonio, Texas. As a result of the inspection, the Director, Eastern Region, OPS, issued to Respondent, by letter dated July 3, 2002, a Notice of Probable Violation, Proposed Compliance Order, and Notice of Amendment (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. § 195.452(b), and proposed that Respondent take certain measures to correct the alleged violation. The Notice also proposed, in accordance with 49 C.F.R. § 190.237, that Respondent amend its integrity management program procedures.

By letter dated August 1, 2002, Respondent requested a 60-day extension to respond to the Notice. By letter dated August 15, 2002, OPS granted the request. Respondent responded to the Notice by letter dated September 19, 2002 (Response). Respondent did not contest the allegation of violation. Respondent provided information with its response concerning the corrective actions it has taken. Respondent did not request a hearing, consequently Respondent waived its right to one.

FINDING OF VIOLATION

In its Response, Respondent did not contest the alleged violation in the Notice. Accordingly, I find that Respondent violated the following section of 49 C.F.R. Part 195, as more fully described in the Notice:

49 C.F.R. § 195.452(b) -- failing to identify all pipeline segments that could affect a high consequence area (HCA) by omitting those highly volatile liquid (HVL) pipeline segments located in or near drinking water HCAs and failing to provide adequate technical justifications for excluding such HVL pipeline segments.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

COMPLIANCE ORDER

The Notice proposed a Compliance Order in connection with the above referenced violation of 49 C.F.R. § 195.452(b). Respondent subsequently demonstrated corrective action meeting the requirements of the proposed Compliance Order. Respondent has now incorporated the HVL pipelines intersecting with drinking water HCAs into its segment identification process and has submitted a revised list of its pipeline segments that could affect HCAs. Because Respondent's actions satisfy the terms of the proposed Compliance Order, issuance of a Compliance Order is not necessary.

AMENDMENT OF PROCEDURES

The Notice alleged inadequacies in Respondent's integrity management program procedures and proposed to require amendment of these procedures to comply with the requirements of 49 C.F.R. § 195.452. In its response, Respondent indicated that it had revised several elements of its integrity management procedures and submitted copies of its revised procedures. The Director, Eastern Region, OPS reviewed the revised procedures. Based on the results of this review, Respondent's revision of its integrity management program procedures did not address all of the inadequacies described in the Notice.

Accordingly, I find that Respondent's integrity management program procedures are inadequate to ensure the safe operation of its pipeline system. Pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237, Respondent is ordered to make the following changes to its integrity management program procedures:

1. Amend the procedures to provide adequate technical justification for determining the extent of the buffer zones used to identify pipeline segments that could affect high consequence areas by including an accepted, technically sound land flow analysis using site-specific spill modeling that incorporates factors such as topological and hydraulic gradients that could stretch the spill pool footprint, or alternatively, provide adequate technical justifications demonstrating that the overland flow assumptions being used are consistent with conservative or worst case discharge scenarios.
2. Amend the procedures to provide adequate technical justification for determining the extent of the air dispersion buffer zones used to identify pipeline segments that could affect HCAs by including an accepted, technically sound vapor cloud dispersion analysis for HVL segments, or alternatively, provide adequate technical justifications demonstrating that the 0.5 mile buffer zone being used, which was originally developed for point sources with finite volume such as rail or truck tanks, is appropriate for ongoing pipeline discharges.
3. Amend its procedures to provide adequate technical justification for determining the extent of the waterway buffer zones used to identify pipeline segments that could affect HCAs by demonstrating the validity of the two-hour response time being assumed for containing discharges in streams and flowing waterways that can transport commodity to HCAs.

- 4. Within 30 days following receipt of this Final Order, submit the amended procedures and all technical justifications demonstrating compliance with this Order to the Director, Eastern Region, Office of Pipeline Safety, 400 7TH Street, SW, Room 7128, Washington, DC 20590.

The Director, Eastern Region, OPS, may grant an extension of time to comply with any of the required items upon a written request by the Respondent demonstrating good cause for an extension.

Failure to comply with this Order may result in the assessment of civil penalties of up to \$100,000 per violation per day, or in the referral of the case for judicial enforcement.

Under 49 C.F.R. § 190.215, Respondent has a right to petition for reconsideration of this Final Order. The petition must be received within 20 days of Respondent's receipt of this Order and must contain a brief statement of the issue(s). All other terms of the Order, including any required corrective action, remain in full effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective on receipt.



Stacey Gerard
Associate Administrator
for Pipeline Safety

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JUN 17 2003

Date Issued